

Please Vote Yes on SB214

BEST Program Oversight and Funding

What the Bill Does

SB214 is recommended by the bipartisan Capital Development Committee. The bill requires that the Building Excellent Schools Today (BEST) program, at the end of each fiscal year, retain enough cash on hand to cover all financial obligations for the upcoming year. Additionally, the CDC is added to the list of entities required to approve grant awards for capital construction projects to be financed through lease purchase agreements. To provide assurances about fiscal sustainability, the program is required to annually report to the legislature a projection of anticipated revenues for the current and next fiscal year as well as estimates of cash and lease financed grant awards for the next fiscal year.

Background

BEST was established by the legislature in 2008. It provides grants to public schools to rebuild, repair or replace the worst of the state's P-12 facilities. For projects that qualify, there are two types of grants: 1) cash awards and 2) long-term borrowing through Certificates of Participation (COPs) or through a federal program that allows borrowing at zero percent interest. Revenue sources include moneys earned from state public school lands, lottery proceeds and interest earnings on the assistance fund.

Since the 2008/2009 fiscal year, the BEST program has helped to finance \$787 million in projects with \$569 million in state assistance to 40 projects around the state. Examples of projects include replacement of the high school in the Salida R-32 district, replacement of a middle school in the Greeley 6 school district and a new PK-6 school for the Lake George Charter School.

Reasons to Support SB214

- SB214 codifies existing cash management practices within the BEST program. In doing so, it helps to ensure the program is managed responsibly to provide the equivalent of a reserve fund to ensure that payments can be made even if revenues decline.
- SB214 ensures that there is legislative oversight of the BEST program. This is important since the program issues COPs which anticipate the state will make future payments. While there have been no problems with the current management of the program by the BEST board (appointed by the Governor), having oversight by legislators who are directly accountable to Colorado voters is sensible.
- The new requirement for an annual report that includes both revenue and expense projections will serve as an "early warning system" for the legislature if the program begins to experience sustainability concerns.